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CONFIDENTIAL

ALLOTMENT CONTROL RECORD PROCEDURE

29 June 53

1. Purpose and Scope

This procedure provides for the maintenance of a uniform accounting system by the appropriate organizations of the DD/P Staffs and geographical Divisions for the recording of the following data relating to confidential funds:

- (a) Allotments or changes in allotments issued by the Budget Division of Office of the Comptroller
- (b) Obligor media, and
- (c) Disbursements and refunds.

This procedure embraces the accounting principles and standards outlined in the Accounting Principles Memorandum No. 1, dated 26 November 1952, issued by the Comptroller General of the United States.

For purposes of simplicity in record keeping, the format of the Allotment Ledger (on Exhibit "A" attached hereto) and the posting of transactions thereto does not conform exactly to Standard Form No. 1015 and to the operation of the Allotment Ledger, Section III of General Regulations No. 100 issued 4 October 1943 by the Comptroller General of the United States, although the accounting concepts enunciated therein are adhered to.

2. UNDERLYING BASIC PRINCIPLES OF THIS PROCEDURE

- a. Allottees will maintain Allotment Control Records for all allotments to them and in accordance with existing Agency Regulations (see Section 4, Paragraphs (1) and (2) hereof) will be responsible for maintaining such accounts in a manner that will prevent the incurring of obligations in excess of funds allotted.
- b. Obligor media issued at headquarters and chargeable to allottees accounts for headquarters operations will be recorded currently and individually (see illustrative sample entries shown on the attached Exhibit "A") in the appropriate accounts by the allottees. Such media shall be retained by the allottees in a suspense file, and at the close of each monthly accounting period the allottees will prepare a Summary Obligor Memorandum Report (see Exhibit "B" attached and Section 13 hereof) for summary (without regard to object classification) recording in the official Agency allotment ledger accounts maintained by the Finance Division on IBM equipment. The allottees will, in line with their responsibilities,

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reflect the details on obligations in their records, while the Finance Division will reflect only summary obligation data in its records for purposes of the Agency status of funds report.

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- c. Allotment Control Records will also be maintained by allottees for field allotments issued by Headquarters allottees for field operations (see attached Exhibit "C", and Section 6 a (1) hereof). Obligations and disbursements will be recorded to these accounts by the allottees from cabled or dispatched obligation data, or from historical data, and the disbursements from the station's monthly accounting reports hereinafter referred to as accountings. A monthly Summary Obligation Memorandum Report for the field accounts will be prepared and submitted to the Finance Division as described in Paragraph b. above.
 - d. Allottees will not operate field allotment Control Records described in Paragraph c. above to reflect obligations and disbursements by object classification of expenditures. Data for object classification will be developed by the allottees as required from the Finance Division's status of funds report and adding thereto distribution by object classification of the unliquidated obligations (pro-rated based upon past experience).
 - e. This instruction fixes responsibility on the allottees for the monthly reconciliation of the Allotment Control Records with the reports submitted to them by the Finance Division. To establish a basis for reconciliation of the records between the allottees and the Finance Division, the cut-off date for the recording of accounting data by the allottees shall be the 25th day of each month.

3. DEFINITIONS

To establish a common ground of understanding, a list of commonly used terms in the Agency and throughout the U. S. Government service, and their definitions are presented for guidance as follows:

Accounting - A presentation of evidence of payments against an advance of funds.

Advance - Funds which are provided in contemplation of the procurement of goods, services, or other assets.

Advice of Allotment - A standardized Agency form used to notify an allottee of funds authorized and made available for obligation and expenditure. This form is also used to notify the allottee of any additional funds that may be made available subsequent to the initial allotment, or of

Funds withdrawn in part or in total.

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Allotment - The granting of an authority to obligate Agency funds and to effect payments within the specific amount stated in the advice of allotment.

Allotment Account - An account in which to record the amounts of funds authorized, obligations incurred, liquidated and/or adjusted, vouchers paid, reimbursements, refunds resulting from erroneous payments or recoveries of advances, and the unobligated balance of allotment.

Allottee - An individual to whom an allotment is made and who is held responsible for ensuring that funds are not expended in excess of the funds allotted.

Expenditure - A disbursement made in settlement of an obligation for goods, services, or other assets.

Fiscal Year - The period beginning 1 July of any calendar year and ending 30 June of the following calendar year. The fiscal year is designated by the calendar year in which it ends, e.g., the fiscal year 1954 is the year beginning 1 July 1953 and ending 30 June 1954.

Object Classification - Analysis according to the types of services, articles, or other items involved, e.g., personal services, supplies and materials, and equipment. The object classes are as set forth in AFR 30-4, paragraph 3.

Obligations incurred - The amount of an order placed, contract awarded, services received, or any other transaction which, if properly created, legally reserves an allotment for future payment.

Obligations unliquidated - The total of all obligations incurred for which disbursements have not yet been made. They may represent accounts payable for goods and services received or the value of goods or services ordered but not received.

Program - A major classification of work or effort. A complete plan of stated strategy to accomplish a stated objective. A program may embody one or more projects.

Project - A planned undertaking of an activity to be accomplished, for which a separate account is established. A project may be an integral part of an over-all program.

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4. ALLOTMENT CONTROL RECORD

a. GENERAL

- (1) Allotment control records are provided for the purpose of showing currently the allotments, obligations, disbursements, and the unobligated balances of the allottee's funds to ensure, insofar as possible, against the incurring of deficiencies. Therefore, it is the administrative responsibility of each allottee to manage his allotment(s) in such a manner as to prevent the over-obligation of the amounts allotted.
- (2) With respect to (1) above, the Agency's Confidential Funds Regulations, Section 15.0, Paragraph B, places the responsibility for the proper obligation of funds on the allottee. It should be noted in that regard that Section 3679 of the Revised Statutes as amended (31 U.S.C. 665) provides, in addition to any penalty or liability under other law, that any officer or employee of the United States who makes or authorizes a disbursement from, or creates or authorizes an obligation under any appropriation or fund in excess of the amount available therein shall be subject to appropriate administrative discipline, including, when circumstances warrant, suspension from duty without pay or removal from office; and any officer or employee of the United States who shall knowingly and willfully violate this provision shall upon conviction be fined not more than \$5,000 or imprisoned for not more than two years, or both.
- (3) Allotment control records will be maintained on the form attached hereto as Exhibit "A". Separate records will be maintained for the administrative limitations fixed for particular units, namely, projects, administrative overhead, or other activities. Where an allotment is made available for an overseas operations and a portion of the allotment is retained at headquarters for obligation, two accounts will be established in the manner as hereinafter described.
- (4) The allotment control records are provided with money columns for recording the following classes of transactions:
 - (a) Allotments
 - (b) Obligations - Obligations incurred posted in black and obligations decreased and liquidated will be posted in red.

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- (c) Disbursements - Disbursements made will be posted in black and refunds will be posted in red.
- (d) Unobligated Balance.

5. ALLOTMENTS

a. GENERAL

- (1) Since allotment control records are provided for the purpose of preventing deficiencies in, or over-expenditures of, appropriated Agency funds, it is obvious that if the amounts allotted do not exceed the amounts authorized by the Director or his designee, and the obligations and disbursements do not exceed the amount allotted, no deficiency or over-expenditure will occur.
- (2) In general the plan of allotting funds will follow the organizational structure as reflected in the allotment coding instructions for the applicable fiscal year. Separate Advices of Allotment Authorization (Form No. 32-5 dated March 1953), (Exhibit D), will be utilized in notifying allottees of individual allotments.

6. OPERATION OF THE ALLOTMENT CONTROL RECORD

- a. All transactions affecting allotment control records (see Exhibit "A" attached) will be posted in chronological order in the proper column of the particular allotment record affected, as set forth below. Amounts will be stated in United States currency.
 - (1) "Allotment" Column - This is an "add" column in which are entered the amounts of Advices of Allotment Authorization (Form No. 32-5). Allotment advices which decrease amounts previously authorized will be posted in red in this column.
 - (a) Funds authorized for obligation and disbursement by the allottees will be evidenced by receipt of an Advice of Allotment Authorization (form No. 32-5) issued by the Agency Budget Division. Advices received by the allottees will serve as the basis for establishing an appropriate Allotment Control Record for the account symbol and amount indicated by the individual advice. which involve the transfer from headquarters to the field of a part or whole of the funds authorized for operations will be handled as follows:

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1. A headquarters Allotment Control Record will be established from Form 32-5 for the full amount allotted.
 2. Amount subsequently sub-allotted to the field allottees will be accomplished by the issuance of a [] Advice (see Exhibit "C" attached) and posted as a decrease in the "Allotment" column of headquarters Allotment Control Record described in 1. above. Concurrently with this action, an Allotment Control Record will be established at headquarters for the amount allotted to the field allottee. 25X1
 3. Postings of obligations to the sub-allotment account (field) at headquarters will be effected monthly by means of a Miscellaneous Obligation Record (Exhibit "E" attached), on the basis of cabled or dispatched obligation amounts furnished by the allottee or on the basis of estimated amounts developed from historical data. Such obligations will be appropriately adjusted from the station's monthly Summary Accounting submitted from the field. Likewise, this same report will serve as the basis for liquidating the obligation and for the recording of disbursements in the appropriate column of the Allotment Control Record.
 4. The [] referred to in 2. above will be prepared in an original and one copy, and will reflect date of preparation, [] station or project identification, allotment symbol, location, fiscal year, amount allotted to field or amount withdrawn, brief explanatory note, etc. Such notifications shall be numbered in chronological order and copies filed, after posting, with the applicable Advice of Allotment Authorization (Form 32-5). The originals of the notifications will be pouched to the field allottees. 25X1
- (b) Entries in the "Allotment" column have the effect of increasing or decreasing the unobligated balance of the allotments.
- (2) Obligations (Column 7) - This is a "Subtract" column in which are entered the amounts of obligations incurred on account of personal services, contracts, leases, procurements, travel, and other definite commitments. Cancellations or adjustment decreases of previously recorded obligations incurred will be posted in this column in contra (red). Obligations liquidated by disbursements will not be recorded in this column, except for differences between obligations incurred and vouchers liquidated. For example, Purchase Order #15 for \$100.00 received and previously obligated is

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subsequently liquidated by the corresponding disbursement voucher for \$90.00. An obligation decrease of \$10.00 will be posted in this column to effect equilibrium and, more importantly, to eliminate the over-estimated obligation established under Purchase Order #15 of \$10.00. Conversely, if the voucher was approved and disbursement made of \$125.00, an additional obligation amount of \$25.00 will be posted in this column with appropriate reference to Purchase Order #15. The posting of the additional obligation amount is required in order not to understate unliquidated obligations (obligations column 7 minus disbursements column 8 represents the balance of unliquidated obligations). Entries made in this column representing subtract (red) amounts will have the effect of increasing the unobligated balance of allotment.

- (3) Disbursements (Column 8) - In this column will be posted the amount of pre-audit vouchers, accountings received applicable to advances for official purposes, and payrolls applicable to the headquarters allotments. Accountings received from field stations will be posted to the pertinent records in this column. The estimated applicable monthly obligations posted in the field records will be appropriately adjusted to the amount of the accountings. There will also be entered in this column in contra (red) amounts of refunds or erroneous payments, duplicate payments, overpayments, and credit adjustments resulting from amounts actually approved for payment as shown on the Finance Division monthly status of funds (expenditure) report.
- (4) Posting References - At the time of posting transactions to the Allotment Control Records, complete posting reference will be indicated as follows:
 - (a) In the date column will be indicated the date of posting
 - (b) In the column headed "Reference" will be shown the office file number of the document posted, such as Advice of Allotment Authorization No., Miscellaneous Obligation Record No., Voucher No., etc.
 - (c) In the "description" column will be indicated the source from which the item is received, or such descriptive data as will identify the source of posting. When recording obligations, the names of travelers, vendors, and other payees, as appropriate will be shown. When recording disbursement vouchers the names of the payees will be shown; or in the case of accountings and payrolls the period involved and such other brief information as will be descriptive of the entry will be shown. For transactions recorded in the "disbursements" column, this column will include a reference to the particular obligation, by number, being liquidated or adjusted.

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7. OBLIGATIONS

- a. In order that effective control of the allotments may be maintained, it is important that obligations be recorded as accurately as possible at the time they are incurred.
- b. Since some basic obligating documents, such as Purchase Orders, Travel Orders, Contracts, etc., are not readily suited for use as posting media and records of liquidation, it will be permissible, if it is so desired, to prepare a Miscellaneous Obligation Record (see Exhibit "E" attached) for use as posting media. Such Miscellaneous Obligation Records will have attached thereto, whenever possible, the basic obligation document applicable.
- c. Obligations posted in the "Obligations" column of the Allotment Control Record will be filed, by allotment, in loose leaf file folders, identified as unliquidated obligations. When disbursement vouchers or accountings are received the applicable obligation document will be removed from the file for liquidation. Obligations fully liquidated will be filed by account in "liquidated obligations" file folders. Where a disbursement voucher or accounting is received for which an obligation has not been previously received and posted in the allotment control record, the voucher amount will be posted in both the "Obligations" and "Disbursements" columns of the Allotment Control Record. The effect of this entry will be to reduce the unobligated balance of allotment for the amount of the voucher and at the same time not affect the unliquidated obligation balance.
- d. The various classes of obligations will be established in the following manner:
 - (1) Personal Services - At the beginning of each month a separate Miscellaneous Obligation Record (see Exhibit "E" attached) will be prepared in an amount sufficient to cover the taxable compensation and all allowances earned by staff employees and staff agents payrolled in Washington. Payroll for personnel paid from allotments maintained elsewhere will be obligated at those locations. The latest prior month's payroll will be used as a basis for establishing the monthly personal services obligation for each of the accounts being maintained. The Miscellaneous Obligation Records will be posted to the allottee's Allotment Control Records and filed in the appropriate supporting unliquidated obligation file folders.

The amount of unliquidated obligations for taxable compensation and allowances from the prior month will be adjusted to equal

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record. A cross reference should be made to the original Miscellaneous Obligation Record previously liquidated for completeness of the record. Travel Orders issued by headquarters evidencing authority for PCS to field stations where the travel voucher will be processed and paid at the field station will not be obligated in the field control record maintained at headquarters from the Travel Order but through the normal field monthly obligation reports. Note - The appropriate documents must be dispatched to the field office immediately.

- (3) Transportation of Things - Obligations for the transportation of personal and household effects will be evidenced by Travel Orders or other memoranda authorizing shipments. Bills of Lading issued pursuant to authority under Travel Orders will be utilized to establish obligations in the appropriate accounts and the pertinent Miscellaneous Obligation Records established for the traveler will be reduced accordingly. Where Miscellaneous Obligation Records are used as a covering document for the Bills of Lading the name of the carrier or firm performing the services will be reflected thereon as the payee. After posting these types of obligations they will be filed in an unliquidated obligation file folder as described in Section 11 hereof. In the event allottees are provided with funds for the payment of transportation costs covering shipment of material and equipment purchased and stockpiled by the Logistics Office, Request for Shipment (Form No. 36-4) will be used as a basis for establishing an appropriate estimated obligation.
- (4) Communications - Normal Agency communications, cable, and pouch service costs are obligated by the Office of Communications in its accounts. Since allotments for this purpose are made to the Office of Communications, allottees of the Plans Group do not have an obligating responsibility in this field. However, special communications services, such as teletype service, local field telephone service, etc., contracted for by the allottees of the Plans Group will be obligated in the appropriate accounts. Such contracts will be used to support the Miscellaneous Obligation Records prepared and used as posting media for recording to the pertinent Allotment Control Records. The posting, filing, etc., of these types of obligations will follow the routines set forth for other object class categories.
- (5) Rentals, Printing and Reproduction, and Other Contractual Services - Obligations for rentals, printing and reproduction, and other contractual services will be established on the basis of rental contracts, purchase orders or other forms of commitment. Appropriate Miscellaneous Obligation Records will be prepared and processed in the manner outlined above for other classes of obligations.

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Routines for the preparation, posting, liquidation, and filing of accounting media will follow that described for other classes of obligations.

NOTE: Station accountings must be expedited so as to reach the Finance Division as soon as possible.

- b. Accounts maintained at headquarters from information furnished by the overseas stations and projects will be maintained without regard to object classification. The Finance Division will furnish monthly statements of expenditures by object classification to which, when the information is needed, the unliquidated obligations will be prorated (based on experience) by object class to provide a cumulative obligation report by object classification.

9. OPTIONAL PROCEDURE FOR POSTING DISBURSEMENTS TO ALLOTMENT CONTROL RECORD

While this procedure provides that detailed expenditure documents will be used by the allottees to record disbursements against allotments, the allottees may elect to defer the recording of disbursements and correction of obligations and to make such entries based upon the monthly status of funds report when received from the Finance Division.

10. CORRECTIONS OF ERRONEOUS POSTINGS

- a. Whenever a document which has been posted to an allotment control record is subsequently found to have been in error, corrections will be made in the column in which the entry was originally posted by entering in reverse as a current transaction the previously recorded amount, and re-entering the correct amount. Such entries will operate not only to change columnar totals but may also change the unobligated balance of allotments in the amount of the difference between the erroneous and correct amounts. Corrections of erroneous postings will be effected by the use of a Miscellaneous Obligation Record.
- b. Errors in expenditure entries disclosed in the review of the Finance Division IBM Report on the status of funds by the allottees will be brought to the attention of the Finance Division by preparing and submitting an Adjustment Voucher for corrective action of the errors noted. Adjustment Voucher, EXHIBIT F, attached, will be used for this purpose.

11. OBLIGATION DOCUMENT FILES

- a. Two obligation documents files will be maintained as follows:

- (1) Unliquidated obligations - Obligations posted in the "Obligations" column of the Allotment Control Record will be filed in an appropriate subsidiary file folder. The total of the

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amounts of the unliquidated obligation documents must always agree with the balance of the unliquidated obligations ("Obligations" minus "Disbursements") on the applicable Allotment Control Record.

- (2) Liquidated Obligations - When an obligation is paid in full the related obligation document will be removed from the "Unliquidated Obligations" file and filed in a separate file folder identified as "Liquidated Obligations" for the allotment involved.

12. MONTHLY CLOSING OF ALLOTMENT CONTROL RECORD

At the end of each month the several money columns, exclusive of the unobligated balance column, of each Allotment Control Record will be added for (a) current month totals and (b) cumulative totals to date. For illustration see Allotment Control Record Exhibit A, attached. The monthly closing of accounts will be made as of the 25th day of each month.

13. MONTHLY REPORT ON STATUS OF FUNDS PREPARED FROM ALLOTTEE RECORDS

Immediately after the close of each month and after the Allotment Control Records have been verified as correct, a report on Status of Funds will be prepared from the Allotment Control Records for management utilization. See Exhibit G for the form of report.

14. MONTHLY SUMMARY OBLIGATION MEMORANDUM REPORT TO ACCOUNTS BRANCH, FINANCE DIVISION

To provide data for the recordation of all obligations in the accounts maintained by the Finance Division, it will be the responsibility of the allottees to transmit at the close of each monthly accounting period a Summary Obligation Memorandum Report (Exhibit B) showing the amount of the cumulative obligations to be established for each allotment. This report will list each month (1) all allotments maintained by the allottee for the current fiscal year regardless of whether there have been any changes in cumulative obligations during the current month and (2) all allotments for prior fiscal years for which changes have occurred in the "Total Cumulative Obligations to Date" during the current month. If no change has occurred in the cumulative obligations of any prior fiscal year allotments for either of the two preceding fiscal years (in 1954, one preceding fiscal year), the year identification will be listed and the words "No Changes" inserted thereunder in the "Allotment Symbol" column. The allotments relating to each fiscal year will be shown under a sub-heading in the Allotment Symbol column identifying the fiscal year involved. This report must be forwarded so as to reach the Finance Division no later than the first working day following the close of each month. It is the responsibility of the allottee to assure that the Finance Division is being currently and adequately informed of the obligations to be recorded and that effective review and reconciliation is made of the

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Finance Division IBM status of funds report with applicable allottee records.

15. EFFECTIVE DATE OF INSTRUCTION

This instruction will be placed into effect for the fiscal year 1954 commencing 1 July 1953. The Allotment Control Records will be established for all allotments for the fiscal years 1953 and 1954.

16. CONCLUSION

The basic principles contained in this instruction must be adhered to for the attainment of uniformity in record keeping, documentation used, and other objectives stated. Individual problems and/or assistance needed should be brought to the attention of the Technical Accounting Staff, Office of the Comptroller, Extension

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